

PERMITTING FARMERS IN DISASTER AREAS TO COM-
PLY WITH ACREAGE REDUCTION AGREEMENTS

JULY 22, 1965.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany H.R. 8620]

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 8620) to amend the Agricultural Act of 1949 and the Agricultural Adjustment Act of 1938, to take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to permit farmers in disaster areas to comply with the technical requirements of acreage reduction agreements, if floods or other natural disasters prevent them from planting the crops involved, and thus to be eligible for the benefits to which they are entitled under such agreements.

NEED FOR LEGISLATION

Provisions of law relating to acreage reduction programs for cotton, wheat, and feed grains, in effect for 1965, provide that when a farmer agrees to reduce his plantings of any of these commodities below his acreage allotment or base acreage, he shall be entitled to certain benefits, including certain payment in kind or certificates on the normal production of the reduced acreage he "planted for harvest" in 1965.

If a farmer plants his permitted acreage for harvest in 1965 under any of these agreements and, after he has planted his acreage, a flood or other natural disaster destroys the crop, he is eligible for the benefits called for under his contract including the payment in kind or certificates for the normal production from his permitted acreage, even

though the crop may be totally destroyed and he may harvest nothing from such acreage.

The only effect of this bill is to provide that if the natural disaster occurs before the farmer has planted his crop so that he is prevented from planting at the appropriate time, instead of occurring after the ground has been planted, he will be considered as having planted the crop for purposes of the contract entered into with the Government.

In such cases the Government will be getting all that it contracted for, and even more, for instead of reducing his crop the farmers affected by this bill will harvest no crop whatever in that particular commodity for 1965 and will not be permitted to plant on the acreage any other price-supported crop.

COST

There will be no additional cost to the Government above that anticipated when the various commodity programs were entered into.

COMMITTEE DELIBERATIONS

During committee deliberations several points were raised which the committee feels quite important:

First, the committee felt that it should be clear that producers could not qualify for payments if price-supported crops were planted on the land at any time for harvest in 1965. If the land was planted to other crops prior to the end of the planting period for cotton, feed grains, or wheat it should not be regarded as land which would have been planted to those commodities but for the disaster. If it is subsequently planted to other price-supported crops, the bill specifically prohibits payments.

Second, the committee felt that with regard to the amount of benefit payments made, consideration should be given to income from non-price-supported crops grown on the land, savings in costs of planting, and other factors and practices normally associated with planting. The committee gave some consideration to amending the bill in this respect; but decided against such amendment since the bill was of an emergency nature, and since in view of the complexity and variety of situations presented such an amendment might result in increasing administrative costs in excess of any possible saving and also result in misunderstandings and confusion.

Third, the committee felt producers should be required to show that they had actually planned to plant the specified commodities and would have done so but for the disaster. In this connection payments under the bill should be limited to producers eligible to participate in the program under existing program provisions. To be eligible under those provisions wheat and feed grain producers must have signed up for those programs prior to March 26, and cotton producers, subject to certain exceptions, must have signed up for the program prior to April 16. Cotton producers whose effective farm allotments did not exceed their domestic allotment were not required to sign up in order to qualify and, therefore, should be eligible for the benefits of the bill if the Secretary determines that they would have planted but for the disaster. The Secretary should be careful to see that payments are not made under the bill to any producers other than those that would have planted but for the disaster.

Fourth, the committee felt that the Department of Agriculture should be instructed to study these and other factors normally associated with the recurring problem of disasters with the view in mind that next year it would submit recommendations for permanent legislation.

DEPARTMENTAL VIEWS

The report from the Department of Agriculture recommending enactment of the bill is attached.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 14, 1965.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in response to your request of June 14, 1965, for a report on H.R. 8620, a bill to amend the Agricultural Act of 1949 and the Agricultural Adjustment Act of 1938, to take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965.

This Department recommends enactment of this bill.

This bill would amend the Agricultural Act of 1949 and the Agricultural Adjustment Act of 1938, as amended, to make it possible to pay farmers 1965 price-support payments or certificates for participating in the feed grain, wheat, and cotton programs where planting of crops is prevented because of floods, drought, and other natural disasters. Such payment would not be made if the acreage involved is subsequently planted to any price-supported crop for 1965.

As you know, the administration's proposed omnibus bill contains in title I a provision that acreage on a farm not planted to wheat because of flood, drought, or other natural disaster be considered wheat acreage for purposes of eligibility for wheat certificates. H.R. 8620 would provide this same feature in 1965 for wheat, feed grains, and cotton.

The provisions of existing law relating to wheat, feed grains, and cotton require that a participating producer plant the crop to be eligible for price-support payments or certificates even though moisture conditions are so short that there is little or no chance of the crop maturing. This causes the farmer to incur expense for seed, machinery, fuel, and other production items in a futile effort to produce a crop at a time when he is least able to afford such expense.

In view of the high risks involved in farming, we believe that this bill would materially improve farmer acceptance of the programs involved. Aside from the humanitarian aspects of this problem, farmers find it inconsistent for us to insist upon acreages being planted in order to obtain program benefits under programs which are designed primarily to reduce production. This inconsistency becomes more evident under disaster conditions where there is little chance of producing a crop on the acreage involved. Further, any farmer affected by disaster conditions is more in need of income from price-support payments to help tide him over a rough financial situation. In turn, if the disaster is widespread, this additional income would be beneficial to the economy of the community as a whole.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ACT OF 1949

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SEC. 103. (a) Notwithstanding the provisions of section 101 of this Act, price support to cooperators for each crop of upland cotton, beginning with the 1961 crop, for which producers have not disapproved marketing quotas shall be at such level not more than 90 percentum of the parity price therefor nor less than the minimum level prescribed below as the Secretary determines appropriate after consideration of the factors specified in section 401(b) of this Act. For the 1961 crop the minimum level shall be 70 per centum of the parity price therefor, and for each subsequent crop the minimum level shall be 65 per centum of the parity price therefor: *Provided*, That the price support for the 1964 crop shall be a national average support price which reflects 30 cents per pound for Middling one-inch cotton. Price support in the case of noncooperators and in case marketing quotas are disapproved shall be as provided in section 101(d) (3) and (5).

(b) If producers have not disapproved marketing quotas, the Secretary shall provide additional price support on the 1964 and 1965 crops of upland cotton to cooperators on whose farms the acreage planted to upland cotton for harvest does not exceed the farm domestic allotment established under section 350 of the Agricultural Adjustment Act of 1938, as amended. Such additional support shall be at a level up to 15 per centum in excess of the basic level of support established under subsection (a) and shall be provided on the normal yield of the acreage planted for harvest within the farm domestic allotment. *For purposes of this subsection, an acreage on the farm which the Secretary finds was not planted to cotton in 1965 because of flood, drought, or other natural disaster shall be deemed by the Secretary to be an actual acreage of cotton planted on the farm for harvest, provided such acreage is not subsequently devoted to any price supported crop for 1965.*

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SEC. 105. * * *

(d) The provision of this subsection shall be applicable with respect to the 1964 crop and the 1965 crop of feed grains if an acreage diversion program is in effect under section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended. The Secretary shall require as a condition of eligibility for price support on the crop of any feed grain which is included in the acreage diversion program that the producer shall participate in the diversion program to the

extent prescribed by the Secretary, and, if no diversion program is in effect for the 1964 crop or the 1965 crop, he may require as a condition of eligibility for price support on such crop of feed grains that the producer shall not exceed his feed grain base: *Provided*, That the Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for price support for barley to participate in the acreage diversion program for feed grains if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, does not knowingly devote an acreage on the farm to barley in excess of 110 per centum of the average acreage devoted on the farm to barley in 1959 and 1960, does not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the average acreage devoted on the farm to corn and grain sorghums in 1959 and 1960, and does not devote any acreage devoted to the production of oats and rye in 1959 and 1960 to the production of wheat pursuant to the provisions of section 328 of the Food and Agriculture Act of 1962. Such portion of the support price for any feed grain included in the acreage diversion program as the Secretary determines desirable to assure that the benefits of the price support and diversion programs inure primarily to those producers who cooperate in reducing their acreages of feed grains shall be made available to producers through payments in kind. Such payments in kind shall be made on the number of bushels of such feed grain determined by multiplying the actual acreage of such feed grain planted on the farm for harvest by the adjusted average yield per acre. The base period used in determining such adjusted average yield shall be the same as that used for purposes of the acreage diversion program formulated under section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended. The Secretary may make not to exceed 50 per centum of any payments hereunder to producers in advance of determination of performance. Such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains (such feed grains to be valued by the Secretary at not less than the current support price minus that part of the current support price made available through payments in kind, plus reasonable carrying charges) and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for a period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate. The Secretary shall provide for the sharing of such certificates among the producers on the farm on the basis of their respective shares in the crop produced on the farm with respect to which such certificates are issued, or the proceeds therefrom. If the operator of the farm elects to participate in the acreage diversion program, price support for feed grains included in the program shall be made available to the producers on such farm only if such producers divert from the production of such feed grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the

agreement shall so provide. *An acreage on the farm which the Secretary finds was not planted to feed grains in 1965 because of flood, drought, or other natural disaster shall be deemed by the Secretary to be an actual acreage of feed grains planted on the farm for harvest for purposes of this subsection, provided such acreage is not subsequently devoted to any price supported crop for 1965.*

SEC. 379c. (a) The Secretary shall provide for the issuance of wheat marketing certificates for each marketing year for which a wheat marketing allocation program is in effect for the purpose of enabling producers on any farm with respect to which certificates are issued to receive, in addition to the other proceeds from the sale of wheat, an amount equal to the value of such certificates. The wheat marketing certificates issued with respect to any farm for any marketing year shall be in the amount of the farm wheat marketing allocation for such year, but not to exceed (i) the actual acreage of wheat planted on the farm for harvest in the calendar year in which the marketing year begins multiplied by the normal yield of wheat for the farm, plus (ii) the amount of wheat stored under section 379c(b) or to avoid or postpone a marketing quota penalty, which is released from storage during the marketing year on account of underplanting or underproduction, and if this limitation operates to reduce the amount of wheat marketing certificates which would otherwise be issued with respect to the farm, such reduction shall be made first from the amount of export certificates which would otherwise be issued. The Secretary shall provide for the sharing of wheat marketing certificates among producers on the farm on the basis of their respective shares in the wheat crop produced on the farm, or the proceeds therefrom. The Secretary shall, in accordance with such regulation as he may prescribe, provide for the issuance of domestic marketing certificates for the portion of the wheat marketing allocation representing wheat used for food products for consumption in the United States and for the issuance of export marketing certificates for the portion of the wheat marketing allocation used for exports. *An acreage on the farm which the Secretary finds was not planted to wheat for harvest in 1965 because of drought, flood, or other natural disaster shall be deemed by the Secretary to be an actual acreage of wheat planted for harvest for purposes of this subsection, provided such acreage is not subsequently planted to any other price supported crop for 1965.*

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